



COMPTROLLER

**OFFICE OF THE UNDER SECRETARY OF DEFENSE**

1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

**ACTION MEMO**

**TO:** DEPUTY CHIEF FINANCIAL OFFICER

**FROM:** DIRECTOR FOR ACCOUNTING AND FINANCE POLICY AND ANALYSIS

*DJA 8/10/05*

**SUBJECT:** Financial Statement Information for Environmental Liabilities

**DISCUSSION:** The attached memo is necessary because the Treasury Financial Manual changed and now requires more environmental liabilities information to be disclosed in the notes to financial statements than we currently require in the Department of Defense Financial Management Regulation (DoDFMR).

- The attachment to the memo provides all the necessary information Components are required to disclose. This information will be required for inclusion in the FY 2005 Defense-Wide Financial Statements.
- Since this is a recurring requirement, we will incorporate this list in our updated DoDFMR guidance.

**RECOMMENDATION:** Sign the attachment.

**COORDINATION:** None

Attachment(s)  
As stated

Prepared By: Streit/ODCFO(A&FP&A)/3A882/697-0538/August 10, 2005/  
(August 19, 2005/AFP05-08-05-542/File # 304.02.32

*B 8/10/05*



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AUG 11 2005

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING  
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND  
COMMANDER, U.S. TRANSPORTATION COMMAND  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
INSPECTOR GENERAL OF THE DEPARTMENT OF  
DEFENSE  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Required Financial Statement Information for Environmental Liabilities.

The May 2005 version of Appendix 3 to the Treasury Financial Manual requires federal agencies to disclose additional environmental liabilities information beyond what is currently in the Department of Defense Financial Management Regulation ("DoDFMR"). A list of all information now required to be disclosed in the notes to the financial statements is attached. Please ensure Note 14 for your fiscal year (FY) 2005 financial statements provides disclosures listed in the attachment.

Because this information will be a recurring requirement, we will incorporate the attached list into the "DoDFMR" during the fourth quarter of FY 2005.

My staff point of contact for this matter is Mr. Phillip Streit. Please direct any questions to him at (703) 697-0538, or by email at [phillip.streit@osd.mil](mailto:phillip.streit@osd.mil).

  
Teresa McKay  
Deputy Chief Financial Officer

Attachment:  
As stated

## Attachment 21 – Reporting Issues for Environmental Liabilities

### Environmental Liabilities Disclosures Required in Note 14

1. Provide the following for the current and prior fiscal years (FY): For the FY 2005 financial statements, please provide the dollar value for the information as outlined below.

Disclosure	FY 2005	FY 2004
Amount of operating and capital expenditures used to remediate legacy waste. Legacy wastes are the remediation efforts covered by the Defense Environmental Restoration Program.		
The unrecognized portion of the estimated total cleanup costs associated with general property, plant, and equipment		
The estimated cleanup costs associated with general property, plant, and equipment placed into service during each fiscal year		
Changes in total cleanup costs due to changes in laws and technology.		
Portion of the changes in estimated costs due to changes in laws and technology that is related to prior periods		

2. Provide general narratives outlining the following:
  - Describe the methods(s) for assigning estimated cleanup cost to operating periods.
  - Provide the formulation of estimates regarding possible changes to cleanup costs due to inflation, deflation, technology, or applicable laws and regulations.
  - Provide the level of uncertainty regarding the accounting estimates recognized on the face of the financial statements.
  - List the applicable laws and regulations covering cleanup requirements.
  - Provide a description of the type of environmental and disposal liabilities identified.